

Message Text

UNCLASSIFIED

PAGE 01 HONG K 13207 061101Z

11

ACTION AGR-10

INFO OCT-01 EA-10 ISO-00 SP-02 AID-05 EB-07 NSC-05 RSC-01

CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06 LAB-04

SIL-01 PRS-01 SAJ-01 PA-02 USIA-15 /106 W

----- 104381

R 060735Z DEC 74

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 3100

INFO USLO PEKING

UNCLAS HONG KONG 13207

DEPARTMENT PASS AGRICULTURE, FAS, NOVOTNY
FROM AGRICULTURAL OFFICER

E.O. 11652: N/A

TAGS: EAGR

SUBJECT: VICE PREMIER CLAIMS PRC GRAIN RESERVES AT 80 MILLION TONS

SUMMARY

VICE PREMIER LI HSIEN-NIEN REPORTEDLY HAS CLAIMED THAT CHINA'S GRAIN RESERVES ARE NOW AT 80 MILLION-TON LEVEL. IF ACCURATELY REPORTED, CHINA'S ABILITY TO REACH THAT LEVEL AFTER STATEMENT OF IMPRESSIVE 40 MILLION-TON RESERVE ONLY FOUR YEARS AGO WOULD BE TRULY REMARKABLE. IN VIEW OF CHINESE CONDITIONS, THEIR DESIRE TO MAINTAIN SUCH LARGE RESERVES CAN BE CONSIDERED MORE PLAUSIBLE THAN IT APPEARS AT FIRST GLANCE.

END SUMMARY

1. VICE PREMIER LI HSIEN-NIEN, PRC'S LEADING ECONOMIC SPOKESMAN, INFORMED JAPANESE DELEGATES TO AGRICULTURAL EXHIBITION OPENING ON NOV. 22 IN PEKING THAT CHINA HAD BEEN ABLE TO BUILD UP GRAIN RESERVES TO THE PLANNED 80 MILLION-TON LEVEL. (HK TA KUNG PAO. DEC. 2, 1974). ACCORDING PRESS REPORT, JAPANESE EXPRESSED GREAT SURPRISE AT LI'S STATEMENT.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 HONG K 13207 061101Z

2. COMMENT: STATEMENT IS INDEED SURPRISING WHEN VIEWED

FROM WESTERN PERSPECTIVE; ALSO SURPRISING BECAUSE ONLY FOUR YEARS AGO EDGAR SNOW WAS TOLD THAT PRC GRAIN RESERVES WERE 40 MILLION METRIC TONS, A STATEMENT WHICH HAS BEEN OFT REPEATED SINCE 1970. (THAT FIGURE WAS ITSELF GREETED WITH CONSIDERABLE SURPRISE, IF NOT SKEPTICISM.)

3. WHILE INITIALLY SHOCKING, CLOSER EXAMINATION INDICATES THAT NEITHER CONCEPT NOR LEVEL OF 80 MILLION TONS OF STORED GRAIN IN PRC ARE AS INFEASIBLE AS MIGHT FIRST APPEAR. AMONG CONSIDERATIONS:

- (A) CHINESE POLICY, STRESSED BY CHAIRMAN MAO, IS TO "STORE GRAIN EVERYWHERE" (I.E. AT ALL LEVELS ON COMMUNES AND IN ALL PARTS OF THE COUNTRY.) A MAJOR FACTOR IS OFT-STATED CONCERN OF CONFLICT WITH USSR, IN WHICH CASE GRAIN RESERVES WOULD BE ESSENTIAL FOR STRATEGIC REASONS.
- (B) HEAVY EMPHASIS ON LOCAL SELF-SUFFICIENCY WOULD REQUIRE HIGHLY LOCALIZED PATTERN OF GRAIN STORAGE. ALSO, SHORTCOMINGS IN TRANSPORTATION SEVERLY LIMIT EASY MOVEMENT OF LARGE QUANTITIES OF GRAIN FROM ONE AREA TO ANOTHER. (THIS CONSIDERED ONE FACTOR BEHIND PRC POLICY TO IMPORT GRAIN DESPITE STATEMENT OF SELF-SUFFICIENCY.) THUS POLICY IS LOGISTICALLY UNDERSTANDABLE.
- (C) GRAIN IS MAJOR SOURCE OF CALORIES IN PRC (APPROXIMATELY THREE-QUARTERS OF TOTAL INTAKE COMPARED TO LESS THAN ONE-QUARTER IN U.S.). CONCENTRATION ON GRAIN STORAGE AS INSURANCE IN TIME OF WAR, HARVEST SHORTFALLS OR TRANSPORTATION DISLOCATIONS, THUS UNDERSTANDABLE.
- (D) WHILE 40 MILLION-TON LEVEL SEEMED HIGH, WHEN FIRST HEARD, IT IS ONLY 16-17 PERCENT OF GRAIN PRODUCTION LEVEL OF 240-250 MILLION TONS REACHED ANNUALLY SINCE 1970. (COMPARE: US ENDING STOCKS OF WHEAT ON JUNE 30, 1974 WERE 14.6 PERCENT OF 1973-74 WHEAT PRODUCTION, AND THAT IN COUNTRY WITH SUPERB TRANSPORTATION FACILITIES.) LEVEL OF 80 MILLION TONS EQUIVALENT TO ROUGHLY ONE-THIRD CURRENT LEVEL OF GRAIN PRODUCTION IS CLEARLY VERY HIGH---BUT POSSIBLE.

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 HONG K 13207 061101Z

- (E) IF 80 MILLION TONS ACTUALLY STORED, IT WOULD PROVIDE AVAILABILITY OF 100 KG FOR EACH PERSON (IF POPULATION AT 800-MILLION LEVEL). THAT IS BELIEVED SUFFICIENT TO SUSTAIN POPULATION AT MINIMUM CONSUMPTION LEVEL OF 1.2 LBS PER DAY FOR ONE-HALF YEAR. WITH YEAR-ROUND PRODUCTION IN SOUTHERN CHINA, AND CONSIDERABLE DOUBLE-CROPPING IN NORTH, (I.E., CONTINUING AVAILABILITY FROM

CURRENT HARVESTS), THAT APPEARS MORE THAN SUFFICIENT HEDGE AGAINST ANY EMERGENCY.

4. QUESTIONS: IF CHINA HAS BEEN ABLE TO SET ASIDE ENOUGH GRAIN ANNUALLY SINCE 1970 AND IN SPITE OF 1972 SHORTFALL TO DOUBLE GRAIN RESERVES (I.E., AT AVERAGE ANNUAL INCREMENT OF 10 MILLION TONS), AND IF GRAIN RESERVE GOAL NOW REACHED, IT RAISES SEVERAL INTERESTING QUESTIONS SUCH AS: (A) WOULD IT NOT SEEM ABSURD FOR PRC TO CONTINUE ANNUAL IMPORTS AT CURRENT HIGH LEVEL OF 7 MILLION TONS (PLUS OR MINUS), ESPECIALLY IN VIEW OF CURRENT FOREIGN EXCHANGE DIFFICULTIES? (B) IF GRAIN IMPORTS ARE MAINTAINED, EVEN AT LOWER LEVEL, WILL "APPARENT SURPLUS" (FORMERLY ADDED TO RESERVES EACH YEAR) RESULT IN INCREASED GRAIN CONSUMPTION PER CAPITA FROM NOW ON? (C) IS PRC LIKELY TO EXPORT GRAIN AT MUCH HIGHER LEVELS IN NEXT FEW YEARS? GETSINGER

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SUPPLIES, REPORTS, GRAINS
Control Number: n/a
Copy: SINGLE
Draft Date: 06 DEC 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974HONGK13207
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740354-0710
From: HONG KONG
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741255/aaaabvaw.tel
Line Count: 132
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AGR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 29 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <29 AUG 2002 by ReddocGW>; APPROVED <06 FEB 2003 by MorefiRH>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: VICE PREMIER CLAIMS PRC GRAIN RESERVES AT 80 MILLION TONS SUMMARY
TAGS: EAGR, CH, (LI HSIEN-NIEN)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005